

## Message Text

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PAGE 01 MEXICO 11355 032317Z

10  
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 AGR-05 AGRE-00 AID-05

CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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R 032245Z SEP 76  
FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC 7189

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E.O. 11652: N/A  
TAGS: EAGR, ETRD, MEX  
SUBJ: FLOATING PESO AND MEXICAN BEEF EXPORTS

PASS USDA/FAS

AN ASSESSMENT OF THE IMPACT OF THE "FLOATING PESO" ON MEXICAN  
BEEF EXPORTS FOLLOWS:

1. BEEF EXPORTS AT THE CURRENT RATE OF EXCHANGE 20.60 PESOS DOLLAR  
REPRESENT A 64 PERCENT INCREASE IN PESO RETURNS FOR THE EXPORT  
BEEF FROM SLAUGHTER CATTLE. IF DOMESTIC CATTLE PRICES ARE HELD  
TO A MARIGINAL INCREASE AND LIVESTOCK PRODUCERS ARE WILLING TO SELL  
ON A MARIGINAL INCREASE, DOMESTIC SLAUGHTER FOR EXPORT CAN BE  
EXPECTED TO INCREASE SUBSTANTILLY. TRADE INDICATES THERE ARE  
SUFFICIENT MEXICAN CATTLE TO SHIP IN EXCESS OF OUR LATEST (REF)  
ESTIMATE OF 46.0 MILLION POUNDS FOR 1976.

2. "MAQUILA" BEEF SLAUGHTER AND SHIPMENTS WILL BE ADVERSELY AFFECTED  
IF THE DOMESTIC PROCES OF HIDS AND OFFALS, WHICH ARE MERCHANTISED  
IN MEXICO, ARE HELD AT CURRENT PRICES. HOWEVER, TO DATE THERE HAS  
BEEN NO ANNOUNCED OFFICIAL GOM ACTION TO CONTROL PRICES. ALSO GOM  
WILL FAVOR THE EXPORT OF DOMESTIC BEEF AND IF IT APPEARS DOMESTIC  
CATTLE ARE BEING DRAWN INTO THE EXPORT MARKET IN SUFFICIENT  
QUANTITY, THE "MAQUILA" SLAUGHTER WILL NO DOUBT BE TERMINATED.  
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PAGE 02 MEXICO 11355 032317Z

3. MEAT AND SLAUGHTER TRADE INDICATES IN THE SECOND DAY OF THE "FLOATING PESO" OPERATIONS ARE MORE OR LESS ON "HOLD" -- A MINIMUM OF TRADING.

4. WE WILL HAVE A BETTER ASSESSMENT OF THE SITUATION FOLLOWING OPERATIONS OF THE PACKERS ON MONDAY AND TUESDAY OF NEXT WEEK.

5. GIVEN A FEW MORE DAYS WE WILL WANT TO REASSESS OUR 1976 PROJECTED 46.0 MILLION POUNDS MEXICAN BEEF EXPORT FIGURE.

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## Message Attributes

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**Disposition Case Number:** n/a  
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